

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR A)	
CERTIFICATE OF CONVENIENCE AND NECESSITY)	
TO CONSTRUCT ADDITIONAL LINES AND)	CASE NO. 89-183
FACILITIES AND TO EXECUTE ITS NOTE TO)	
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION IN THE AMOUNT OF)	
\$1,957,732)	

O R D E R

IT IS ORDERED that South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") shall file the original and 10 copies of the following information with this Commission, with a copy to all parties of record within 7 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a detailed description of any other financing options that were considered in securing the National Rural Utilities Cooperative Finance Corporation ("CFC") loan. This response should include the reason(s) that CFC financing was selected over other options as well as the results of any studies conducted which support the use of CFC financing.
2. Provide a copy of the loan agreement between South Kentucky and CFC.

3. Indicate what consideration South Kentucky has given to the various loan programs available through CFC. Describe the loan programs available to South Kentucky through CFC. Explain which option South Kentucky anticipates selecting at this time.

4. Provide the current interest rates on both CFC fixed rate and variable rate loans.

5. Provide the additional debt service requirements associated with the Rural Electric Administration ("REA") loan and the CFC loan.

6. Provide an amortization schedule of the proposed loan from CFC using the current interest rates for variable and fixed loans.

7. Provide an explanation of whether South Kentucky will be able to meet its increased debt service requirements with the revenues generated by its existing rates, or with the rates proposed in its current rate case proceeding.

8. Provide documentation which indicates that the loans have been approved by REA and CFC.

9. Indicate which option South Kentucky plans to use in the purchase of the required CFC Capital Term Certificates and explain the reasons for the selection of the option.

10. Provide a voltage drop study based on:

- a. 1989 loads using existing system circuitry.
- b. 1989 loads using proposed system circuitry.

11. On page 6 of the 1988-89 construction work plan, you stated, "The cooperative provides service to its members from nineteen (19) distribution substations which are owned by East

Kentucky." However, in response to question 39 of the Commission's Order of May 5, 1989 in Case No. 89-040¹ you listed 20 substations. Explain the difference.

Done at Frankfort, Kentucky, this 1st day of August, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director

¹ Case No. 89-040, The Application of South Kentucky Rural Electric Cooperative Corporation of Somerset, Kentucky to An Order Authorizing a Increase in Its Retail Rates, Applicable to All Consumers.